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# REDUCING UNEMPLOYMENT BY PLANNING PUBLIC WORKS

JOHN B. ANDREWS

*Secretary, American Association  
for Labor Legislation  
New York City*



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## REDUCING UNEMPLOYMENT BY PLANNING PUBLIC WORKS

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WHENEVER a tidal wave of unemployment sweeps over the country there are anxious questionings as to responsibility and as to failure to utilize certain definite measures of prevention. Distress—bread lines—soup kitchens—are but the final sharp reminders that lack of forethought is costly. Significantly, with each of these ever-recurring industrial depressions, it is becoming clearer that the only remedy for unemployment is employment.

As most work is carried on under private management it is natural that the chief responsibility for regular employment should be thought of as falling upon private employers. But the managers of public activities—though directly controlling fewer employees in the aggregate—are in a double sense concerned. Not only is a municipality, for example, under special obligations to avoid for its own employees the distress due to irregularity of work; it is also likely to be charged with part of the cost of maintaining—at least above the starvation line—those who are laid off from private employments.

This two-fold responsibility has naturally suggested that municipalities should at least furnish to their own public employees the assurance of regular work throughout the year. To this there has been added a second proposal, that a part of public work be reserved during those seasons of the year when there is greatest activity in private industries, and pushed forward with vigor when such industries are slack. But in addition to public work so distributed as to reduce seasonal unemployment there are great cyclical

periods of industrial depression, coming perhaps at ten-year intervals. It is urged as a third proposition that these emergencies, less frequent but no less certain, should be similarly met to some degree by reserved funds for timely expenditure upon public works. Public work, it is thus argued, should be made to act as a sponge, absorbing in bad years as well as in slack seasons some of the reserves of private employment, and setting them free again with the return of prosperity in private business.

#### WHAT CITIES HAVE DONE

Of course these suggestions are not new. During the severe unemployment crisis of 1914-15 over 100 cities throughout the country made special provision for carrying on public work of various sorts, such as sewer-building, street and road-making, quarrying, forestry, drainage, waterworks, building, painting, and even clerical duties. The work was maintained for periods ranging from less than a month to more than six months; thousands of men were employed in from two-day to two-week shifts, and hours and rates of pay were as a rule the same as for regular employees on the same grade of labor. In the majority of cases the officials in charge declared that they had secured full efficiency from the workmen, while some even stated that necessary work had been done at a distinct saving.

Many cities in the United States were found speeding up their public works in the early months of 1921, for the purpose of avoiding a wasteful temporary-relief treatment of the unemployed. This was, at least in part, the incentive which led New Bedford to hasten the construction of much needed new schools; Cleveland to hasten toward completion the construction of six large public works costing \$15,000,000; Minneapolis to

sell bonds amounting to \$980,000 to finance public work; Philadelphia to consider spending a million on street repaving; and Milwaukee to plan public works expenditures totalling \$10,000,000 in 1921. Smaller cities from Worcester and Lynn to Seattle and Yakima reported work undertaken under public auspices to relieve unemployment. Detroit's appropriation of \$716,000 for the relief of the unemployed was followed by the mayor's recommendation that the city begin immediately the construction of a bridge over the river to Belle Isle, for which \$3,000,000 was voted at the previous municipal election. And an interesting suggestion in Jamestown, New York, found expression in a resolution adopted by the city council, which favored taking over temporarily the closed-down local brick yards for the purpose of manufacturing the 2,160,000 bricks needed by the city for the next summer's street paving.

There is always danger in time of an unemployment crisis that all officials will not distinguish sharply between "made" work—sometimes foolishly urged in time of emergency—and public work that is useful. Experiences with emergency work have not always been gratifying. Poor work, increased expense to the community, and political favoritism in the selection of applicants are among the faults which have frequently interfered with the accomplishment of expected results. On the whole, however, the conviction has been growing that these flaws are not inherent, but due to poor administration, and that, if properly managed, emergency work can be made an important agency in maintaining during slack periods the labor reserves needed when industry is booming.

#### ANTICIPATING HARD TIMES

It is encouraging to find an increasing number of cities recognizing their

responsibility for dealing more intelligently with unemployment. Many of them in their methods already distinguish between the unemployable and the unemployed. That is a great gain. But there is still too little forethought given to the important public task of anticipating the fluctuating demands for labor. Some cities, it is true, have established public employment bureaus which are rendering a valuable social service in furnishing information to individual employers seeking help and to individual workmen hunting jobs. This is an important public function which in neutral and efficient hands justifies itself in somewhat the same way that our system of public education has been justified. But probably no city in this country has yet utilized these employment information stations as a part of its long-time advance planning of public works expenditures. The principal reason for this is not, as might at first be supposed, the inefficiency of the public employment service. Some of the bureaus have information of great value. Moreover it is no longer a lack of information in the hands of specialists in credit matters, that prevents public officials from predicting with reasonable accuracy when business depressions are coming. On this part of the problem real scientific progress has been made. The arrival of business depression with resulting unemployment can now be predicted months in advance. Lack of progress by our city officials in planning to meet unemployment crises is due in most instances to a failure to give any consideration at all to efforts to counteract fluctuations in the labor market as an item in determining the proper time for expenditures upon public works.

There are, of course, additional reasons for this lack of forethought regarding unemployment. Some of these are perhaps inherent in our two-party political system with the temp-

tation to "make a record" under the name of *economy*, which so frequently turns out to be false economy. Some of the difficulties are bound up with legislative restrictions which with care might well be changed. Extensive public work is frequently impossible because of charter limitations on the expenditure of local money. For example, the common council of Bridgeport, aroused by much unemployment and the threat of more early in the Winter of 1920-1921, authorized a \$500,000 bond issue for public work. Under its home rule act, the city could issue bonds upon a referendum, but when the state legislature is in session it is usually both quicker and cheaper to get authority from the state capitol. And weeks later Bridgeport was still waiting the desired approval of the legislature. Since most state legislatures meet in regular session but once in two years, reliance upon their action after a crisis has developed is likely to result in disappointments and costly delay.

However, despite many perplexing obstacles, cities in various parts of the world are now attacking the problem of unemployment with a sense of community responsibility. It is at last coming to be recognized, also, that to wait until the emergency has overtaken the community before the movement to provide public work is set on foot is wasteful and productive of unnecessary hardship. Public officials are more and more turning their attention to preparing in ordinary times for the period of stress which experience has shown is likely to follow in a few months or a few years.

In France and Germany the policy of pushing public work in slack seasons has had a considerable development under municipal control. In London, since 1905, the policy of giving temporary relief employment has been embodied in the law by which the central administrative body is authorized to provide temporary work for the

unemployed. But far more important is the growing practice of planning public work longer in advance to meet coming slack periods.

#### POSTPONEMENT OF WORK UNTIL PERIOD OF UNEMPLOYMENT

In a survey made under my direction in 1915 of the experience of 115 different communities in attempting to deal with the exceptional unemployment of that year, it was found that many American cities were then intelligently planning to do their part toward avoiding similar disaster in the future. Several progressive communities made specific plans to reserve work on unimproved parks, sewers, and streets for future periods. Several, also, without planning definite undertakings, issued bonds or established contingent funds to provide the resources when needed. In Alameda, California, a special annual tax of one cent on each \$100 of taxable property was established in 1915 to provide a fund for hiring on public work "unemployed or indigent residents."

Possibilities for improvement in present practices were shown by more intensive studies in several cities, including Boston. It was found, for example, that Boston's experience with a working force in contract paving jobs ran as follows:

#### PER CENT OF MAXIMUM EMPLOYMENT BY MONTHS IN 1912 AND 1913

	Jan.	Feb.	March	Apr.	May	June
1912....	3	6	12	47	78	100
1913....	0	0	2	26	65	92
	July	Aug.	Sept.	Oct.	Nov.	Dec.
1912....	89	95	92	96	93	24
1913....	100	92	99	74	88	32

This tabulation, as F. Ernest Richter pointed out at the time, shows a striking correlation with mean monthly temperatures, but an important influence is the ending of the fiscal year on January 31. Although the budget is

made up in November, the council with new members which must pass on the budget sits first in February, and it is April or May before many new contracts can be let.

Contrast the above with possibilities in Cortland, New York, where the charter gives the public works department power to pave or repair any street, build sewers or lay water-mains without a public "letting." It was found in December, 1915, that the Cortland board designates work upon streets three years in advance and keeps its labor constantly employed. The board, by the way, was non-partisan and had been in office twenty-one years.

In May, 1919, W. Clifford Clark, of Queens University, sent a questionnaire to 50 Canadian cities, and from 36 replies learned that at least eight of these cities construct sewers or water-mains during the winter months as definite policy. Thirteen of the other cities had adopted this plan on occasion to relieve unemployment. The kinds of work pronounced highly or fairly successful in winter were sewer work in rock, tunneling, deep excavating, heavy cuts and fills in grading work, concrete construction in large bulk (such as heavy bridge abutments), and construction work in swamp sections where sub-surface water prevails. The degree of success is often dependent on preparation made before the ground is frozen, especially in some construction work where shafts should be sunk before the extreme cold weather.

For a decade Duluth, Minnesota, has reserved much of its sewer work for winter, and reports that the frozen surface proves of decided advantage in retaining the walls of the trench and that the cost of construction is no greater than in summer. Other cities have experienced a slightly increased cost in winter construction, which they maintain is counterbalanced by a smaller outlay for charity relief and by the greater efficiency resulting from

keeping the regular force of workers intact throughout the year.

Such foresighted arrangement of public work is capable of considerable extension, and may be efficaciously used to counteract in some degree cyclical as well as seasonal fluctuations. The English statistician Bowley estimated that if in the United Kingdom a fund were set aside for public work to be pushed ahead in times of depression, an average of \$20,000,000 yearly, or only 3 per cent of the annual appropriation for public works and services, would be sufficient to balance the wage loss from commercial depression. If his suggestion were generally accepted, in each community or country a program of the amount of public work contemplated for several years in advance would be laid out and then carefully planned to be executed in the lean years. Thus public work, instead of declining and thereby accentuating the depression, as is now often the case, would exert a strong influence toward stability. European experience shows that it is essential to the success of such a program that the work be done in the ordinary way, the workers being employed at the standard wage and under the usual working conditions and hired on the basis of efficiency, not merely because they happen to be unemployed.

During the brief period of unusual unemployment in the Winter of 1918-1919, there was a very general resort to the remedy of public work. A large amount was readily available, since all but the most necessary projects had been postponed during the war. The federal department of labor listed 6,285 pieces of work to cost \$1,700,000,000. In Ohio and New York the governors called special conferences of state and city officials with a view to pushing public works. It is difficult to learn the exact effect of this and of similar action in a number of cities, but in the opinion of the special employment assistant to the secretary of war,

such activity was the main cause of the decline in unemployment which began to be noticeable by the Spring of 1919.

#### CHARTER LIMITATIONS HAMPER

As the use of public work for relieving unemployment has spread, city officials have increasingly felt the hampering effect of charter limitations on the expenditure of money. Many makeshift devices have been adopted for defeating these restrictions, such as raising money by public subscription, borrowing without interest, or transfer of funds between departments, and in some cases business men have had to furnish bonds to save the city officials from liability. Consequently the conviction has been growing that budgetary methods and, if need be, city charters must be modified to permit greater freedom in the use of money for these undertakings.

The principle under discussion has taken firm hold among those interested in combating involuntary idleness. In 1913, as the result of careful studies in many countries, the following recommendations were laid before the International Conference on Unemployment: (1) That public works be distributed, as far as possible, in such a way that they may be undertaken in dull seasons or during industrial depression; (2) that budget laws be revised to facilitate the accumulation of reserve funds for this purpose; (3) that permanent institutions be created to study the symptoms of depression in order to advise the authorities when to initiate the reserved work; (4) that such work as land reclamation and improvement of the means of communication, which would tend to increase the permanent demand for labor, be especially undertaken; and (5) that in order to secure the fullest benefits from the reserved work, contracts should be awarded not as units, but separately for each trade. The first official Inter-

national Labor Conference, meeting at Washington in October, 1919, recommended to Member countries that they should "co-ordinate the execution of all work undertaken under public authority, with a view to reserving such work as far as practicable for periods of unemployment and for districts most affected by it."

In 1921—with three and one-half million less workers employed in industry than a year earlier—it was interesting to see American legislators introducing resolutions in congress and in state assemblies declaring that "it is sound governmental policy to prosecute public works during periods when labor and material are not fully absorbed by private industry." It is significant also that they recognize that "the immediate prosecution of such public works will give employment to large numbers of persons now seeking employment, not only directly on the public works, but indirectly upon the manufacture of the materials required."

Public interest in this subject is increasing. There is special need now for further study by experts in municipal government to determine what are the best means of overcoming political obstacles that make unnecessarily difficult the planning of public works to reduce unemployment.